



PRESS RELEASE
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WESLEY SNIPES AND TWO OTHERS
INDICTED ON TAX FRAUD CHARGES

Tampa, FL - United States Attorney Paul I. Perez, Eileen J. O'Connor, Assistant Attorney General for the Tax Division, U.S. Department of Justice, and Michael E. Yasofsky, Jr., Special Agent-in-Charge of the Tampa Field Office of Internal Revenue Service Criminal Investigation (IRS-CI), announced today the unsealing of an eight-count indictment charging Wesley Trent Snipes ("Snipes"), formerly of Windermere, Florida, Eddie Ray Kahn ("Kahn"), of Sorrento, Florida, and Douglas P. Rosile ("Rosile"), of Venice, Florida, with conspiracy to defraud the Internal Revenue Service (IRS) and presenting a fraudulent claim for payment to the IRS. Snipes is also charged with six counts of failing to file income tax returns. Each of the conspiracy and false claim charges carry a maximum sentence of five years' imprisonment. Snipes also faces up to one year imprisonment on each charge of failing to file income tax returns.

According to the indictment, Kahn was the founder and leader of American Rights Litigators ("ARL") and its successor, Guiding Light of God Ministries ("GLGM"). ARL was formed in 1996 and conducted business from an office located in Mount Plymouth, Florida.

In August 2003, ARL moved to an office located in Mount Dora, Florida, and began operating as GLGM. It is alleged that ARL and GLGM were for-profit, commercial businesses that promoted and sold fraudulent tax schemes designed to impede the administration of the internal revenue laws of the United States.

According to the indictment, Rosile was a CPA, who continued to work as an accountant after his CPA licenses in Ohio and Florida were revoked. He allegedly prepared fraudulent tax returns for ARL members. For each fraudulent tax return, ARL charged its members a fee, half of which it allegedly paid to Rosile. In addition, if any such fraudulent tax return generated a tax refund, ARL would collect 20% of the refund from the member and pay half of such amount to Rosile.

Kahn and Rosile, operating through ARL, allegedly promoted a fraudulent tax scheme based on the so-called "861 argument," asserting that United States citizens and residents could be taxed only on income derived from certain foreign-based activities and not on wages and other income earned within the United States. The indictment also alleges the defendants knew the argument was false. Also, the argument has been consistently rejected by courts.

The indictment alleges that Snipes, Kahn, and Rosile attempted, through dishonest means, to make it appear as if Snipes had no liability for federal income taxes, when, in fact, Snipes had such tax liabilities. As part of the scheme, the defendants allegedly prepared and filed two amended federal income tax returns for Snipes, fraudulently claiming refunds of 1996 and 1997 income taxes previously paid, totaling almost \$12 million. The indictment also alleges that Snipes did not file his 1999 through 2004 federal income tax returns, even though the law required him to do so.

U.S. Attorney Perez stated, "Our system of government depends on citizens paying their fair share of taxes. Those who intentionally and unlawfully harass the IRS through deceit, trickery and fraud undermine the collection of revenue that is vital to every aspect of the operation of our government, including defense, the war on terror, health care, law enforcement and education."

Special Agent-in-Charge Michael Yasofsky said, "Americans want and deserve their tax system to be fair and to apply to all individuals regardless of their financial circumstances. It is tax revenue that builds our roads, educates our children and protects our homeland. Those who promote or use fraudulent tax schemes are a threat to the financial integrity of our nation."

"The Justice Department will vigorously investigate charges of counseling or committing tax fraud," said Assistant Attorney General O'Conner.

This case is investigated by the IRS Criminal Investigation (IRS-CI). It is being handled by Assistant United States Attorneys James R. Klindt, Robert O'Neill, Scot Morris, and Trial Attorney Jeffrey A. McLellan, U.S. Department of Justice Tax Division.

An indictment is merely a formal charge that a defendant has committed a violation of the federal criminal laws. Every defendant is presumed innocent unless and until proven guilty.